AIR POUCH
PRIORITY

UNCLASSIFIED
(Security Classification)

141

714.00(W)/8-1453

FOREIGN SERVICE DESPATCH

F7900C1-1202

FROM : AMEMBASSY, GUATEMALA

145
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 14, 1953
DATE

REF : —

AUG 15 1953

IS For Dept. Use Only hm	ACTION OLL	INFO	DEPT. ARA FE I IBS IFI IPS UNA
	REC'D AUG 16		OTHER ARMY NAVY AIR CIA OCD PSB

SUBJECT: Joint Weeka No. 33 for State, Army and Air Departments from SA - Section I

DECLASSIFICATION DATE 11 30 78
PER [illegible] OFFICE OPA
ADRC FOI CASE NO. 740332

Central Files 714.00(W)/8-1453

During the past week the labor authorities began a strike vote among the employees of the U.S.-owned International Railways of Central America (IRCA) after both management and union had rejected a conciliation proposal; the National Agrarian Department moved to expropriate most of the United Fruit Company's Atlantic coast property by notifying the company of an order for the expropriation of 174,000 acres of its Bananera Division; and the Empresa Eléctrica remained subject to temporary Government control of its services while Government auditors continued to examine its books.

In the field of foreign relations, the Secretaries General of all Guatemalan Administration parties and of the national labor and agricultural federations (CGTG and CNCG) addressed open letters to President Arbenz and the President of the UN General Assembly asking for the establishment of a just peace in Korea and the seating of Communist China on the Security Council.

Domestically, more evidence appeared of the use of intimidation to advance the leftist program and prevent to the coalescing of opposition. The press disclosed a police circular threatening police officers with disciplinary action by national police headquarters if they failed to side with the "proletarian masses" against people of "good social position". Hoodlums beat up two employees of a radio station broadcasting an anti-Communist program.

Date of Action 8-21-53

AMERICAN INTERESTS

Action Office Symbol LAO

Initials of Officer

IRCA Railway Labor Dispute: The dispute between the U.S.-owned International Railways of Central America (IRCA) and the SAMF railway workers' union about the terms of a new labor contract (Weeka No. 27) again came to the fore on August 7 when a Labor Conciliation Board proposed settlement on the

JCHill/hhm
8/13/53 REPORTER

RESTRICTED
SECURITY INFORMATION

FILED
AUG 15 1953

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

basis of a wage increase of 20 percent, instead of the 50 percent demanded by the union, and an arbitral award on the pension system to be made after an actuarial study. The company rejected the proposal on the grounds that it could not afford any increase in labor costs and invited the Judge to appoint an auditor to examine its books. The Judge declined on the plea that this would be useless since the union had rejected the proposal on the ground that its original demands were its minimum demands. Those demands, according to a company press statement, would add $5.5 million to the present $6 million annual wage bill.

The union then requested the Labor Court to rule that a strike would be legal and, in conformity with the legal requirement in such a case, the Court ordered the Inspectorate General of Labor to take a strike vote among IRCA workers. The completion of the voting is not expected before August 22.

Move to Expropriate United Fruit Atlantic Coast Properties: In a sequel to the March expropriations of nearly 80 percent of the United Fruit Company's Pacific coast properties (Weeka No. 12), the National Agrarian Department authorities on August 12 notified the company of an order for the expropriation of 174,000 acres of the 253,000 acres of its Atlantic coast Bananera Division. According to a company official, this would permit it to retain 89,000 acres of which 4,000 are in banana, 5,000 in abaca, 6,000 in pasture and 59,000 in forests.

The company plans an appeal to the President as the final Agrarian Reform authority but entertains little hope of favorable action. If the expropriation order is upheld, the company will have lost some 413,000 acres (about 74%) of its land holdings in Guatemala and will have left some 151,000 acres of which approximately 19,000 on the Pacific coast are still under study by the Agrarian Reform authorities.

FOREIGN AFFAIRS

In open letters to President Arbenz and Mr. Lester PEARSON, President of the UN General Assembly, published on August 12, the leaders of all Guatemalan Administration parties, the Confederación General de Trabajadores de Guatemala (CGTG), the Confederación Nacional Campesina de Guatemala (CNCG) and national "peace", women's and students' organizations petitioned that the next UN Assembly "consider with justice the establishment of a definitive peace in Korea and the inclusion of the People's Republic of China in the Security Council".

The Secretaries General who signed included Sr. Augusto CHARNAUD MacDonald, Minister of Interior, for the PRG; Sr. Jaime DIAZ Rozzotto, Secretary General of the President's Executive Office, for the RN; Sr. Francisco FERNANDEZ Foncea, deputy in Congress, for the PAR; Sr. José Manuel FORTUNY for the Communist PGT; Sr. Víctor Manuel GUTIERREZ, Communist deputy, for the CGTG; and Sr. Leonardo CASTILLO Flores, a Vice President of the National Peace Committee, for the CNCG.

The fact that all of the major entities supporting the present Government have made this public statement suggests that Guatemala would cast its UN vote for seating Communist China, should the occasion arise.

DOMESTIC AFFAIRS

Administration Uses Intimidation Tactics: The independent press uncovered and published a circular instruction sent out on February 25 by Colonel Rogelio CRUZ Wer, Director of the Guardia Civil to his departmental police chiefs threatening that police headquarters would proceed against them energetically if they stood in the way of the "proletarian masses", failed to consider that farm laborers were almost always right in disputes with persons of "good social position", or neglected to seek the advice of "wholly revolutionary" persons when in doubt. In the context of the then current Agrarian Reform disturbances arising from farm laborers' irregular land seizures (Weeka No. 9), the instruction was clearly a warning to the regular Army officers who command the police that their careers would suffer if they resisted the Arbenz Administration's leftist program by impartiality in the class struggle or more specifically attempted to oppose the Communist-oriented CGTG and CNCG which were stimulating the land seizures.

The Government newspaper Diario de Centro América on August 6 warned political refugees teaching in the National University that the "democratic regime" would tolerate no "conspiracies", explaining that some of them had been "attacking our progress and democracy". Although no names were named, it is surmised that the threat was principally aimed at a group of Peruvian Aprista and moderate Spanish Republican refugee instructors who have questioned the necessity of collaboration with Communists to achieve nationalist aims and criticized certain aspects of Government programs such as the Agrarian Reform Law.

Two employees of "Radio Capitol", a radio station which has been broadcasting a strongly anti-Communist program, were beaten up on August 11 by unidentified assailants, according

RESTRICTED
SECURITY INFORMATION
UNCLASSIFIED

F7800021-1205

to information given to the press by . . Eduardo Dougherty, the station's owner. "Radio Capitol's principal anti-Communist commentator is Sr. Horacio de CORDOVA who currently has a suit pending in court charging that he has been subjected to police intimidation.

PRG Retains Opportunist Pro-Communist Orientation: In a reorganization of the leadership of the Partido de la Revolución Guatemalteca (PRG), most moderate of the leftist Administration parties, the party's Political Committee on August 7 confirmed Sr. Augusto Charnaud MacDonald, Minister of Interior, as Secretary General; granted Sr. Roberto ALVARADO Fuentes, hitherto co-Secretary General, permission to leave the party leadership to be Ambassador to Mexico; and expelled Sr. Juan José TEJADA Barrientos, Secretary of Organization, who had led the party's moderate wing in opposing unconditional collaboration with the Communist Party.

The net effect of the changes was to strengthen Sr. Charnaud MacDonald's position and to continue for the immediate future the PRG's characteristic mixture of opportunists and pro-Communists.

MILITARY AFFAIRS

Arbenz Army Cronies Get Valuable Government Jobs: In striking illustration of how President Arbenz retains the loyalty of his old Army friends with Government jobs, recently announced appointments to profitable Government jobs have included those of Colonel Ramiro GEREDA Asturias, best man at his wedding and former Ambassador to Mexico, as Ambassador to Panama; Colonel Rafael O'HEANY, Deputy Defense Minister when Col. Arbenz was Minister of Defense, and later Ambassador to Costa Rica, as Minister to Ecuador; and Col. Anselmo GETELLA Amézquita, Chief of his personal military staff, as Supervisor General of the Construction of the Port of Santo Tomás. It is also reliably reported that Col. Eduardo WEYMANN, the President's cousin, who is Military Attaché in Washington, will take over as Chief of the President's personal military staff and that Col. Enrique PERALTA Azurdia, ex-Military Attaché in El Salvador and the President's immediate superior before the 1944 Revolution, will go to Washington as Military Attaché.

Rudolf E. Schoenfeld

Contributor: Col. A. E. McCormick

Copies: C. A. Missions and routine

UNCLASSIFIED
SECURITY INFORMATION